

Executive Order 117

70-2075

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS

WASHINGTON

20506

NSC REVIEW
COMPLETED

April 22, 1970

Dear Red:

Herewith the memo I spoke of. It was great
to hear your voice and I look forward to
seeing you before too long.

Sincerely,



Carl J. Gilbert

Colonel Lawrence K. White
Executive Director and Controller
Central Intelligence Agency
Washington, D. C. 20505

Enclosure

Response due 29 APRIL 1970

(EXECUTIVE ORDER 117) Exe Order

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OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

April 15, 1970

MEMORANDUM

TO: Ambassador Gilbert

FROM: Herbert F. Propps

SUBJECT: Geneva Gossip, April 6-10

1. In the course of my attendance at the Geneva meeting of Working Group I of the GATT Agriculture Committee, the following "information" came to my attention. I report it not so much for its intelligence value as for the reflection it gives of the current atmosphere of uncertainty which surrounds the work we are trying to do in GATT. This ambience arises primarily from the uncertain course of development (internal and external) of the European Communities.

2. EC Commission. The French representative says that both Mansholt and Rey will be replaced when the Commission is reorganized at mid-year. The probabilities are that the former will be succeeded by a Frenchman, the latter by an Italian. The Italian will not be Colombo (who aspires to be Prime Minister of Italy), he says.

3. Preferential Agreements. According to the same source, Deniau was the architect of the preferential agreements with Greece and Turkey, and he has remained the victim and prisoner of this success. Rey likes these agreements; Deniau must continue the policy of negotiating them. (This confirms the observation of a Community official who told me a month ago "that madman Rey" is determined to go on with the negotiation of preferential agreements, as an integral part of EC policy, and that unless Rey changes his mind little can be done to arrest or forestall the EC's activities in this field.)

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4. UK Accession. The German representative expects negotiations to begin early this summer. He says nothing whatever will be agreed (i.e. the talks will remain purely exploratory) until after the next UK General Election. Germany will urge Wilson to have a Fall election so that the UK Government can present itself later this year as an interlocuteur valable for negotiations with the EC.

5. French Trade Policy. According to the French representative, Giscard d'Estaing is the Minister in charge of GATT work. He is only vaguely familiar with this work, however, and in practice decisions are made by Brunet and Chapelle. It would be very useful, he believes, if you could arrange to see Giscard informally and discuss with him U.S. and EC trade policies and the GATT. It is a mistake, he thinks, for the U.S. to try to rely primarily on the Commission and the Germans in dealing with the EC and with France. He also feels that U.S.-French contacts through their respective Embassies should be supplemented.

6. Community Agricultural Policy. According to the French and the German representatives (as well as the EC Council Representative), the EC delegate to Working Party I of the Agriculture Committee was instructed to agree to nothing and to take no firm position on any matter. The EC is unable, now, to agree on any agricultural questions. The CAP for wine has not been agreed; the Germans wishing to be permitted to use sugar in preparing wine, the Italians wanting unlimited free circulation of wine, and the French insisting that free circulation be restricted to quality wines. The French representative feels that this is a difficult but "technical" problem that can--over time--be solved. Italy insists that a solution be reached by July 1, and maintains that the EC financial regulations cannot go into effect then, as scheduled, unless the wine CAP has been agreed. With affairs in this state, the EC can take no positions now on agriculture in the GATT.

7. Negotiations in the Longer-Term. According to the French representative, an enlarged EC should be willing to agree to abolish export subsidies and, where necessary, to control production. (France, he says, is not hostile to production control.) The enlarged EC should, he feels, aim at a self-sufficiency ratio of 100 on most products. The EC need have no export surpluses, but there is no

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reason why EC farmers should not supply the EC market, wherever possible. (The farmers of the Six can take over a good part of the UK market, leaving something--if necessary for political reasons--to suppliers outside the EC.) The EC can participate in further industrial negotiations, and less efficient farmers can be drawn off the land, to work for industries supplying EC and foreign markets. Until it is seen how the enlarged EC wishes to deal with these matters, he said, the Six can hardly be expected to take any decision binding their freedom of action in agriculture--although it might begin industrial negotiations at an early date.

8. The Scandinavians. The Danes, Norwegians and Swedes say privately that they would have liked to support us on the elimination of governmental aids to agricultural exports. But they were instructed not to speak up, in view of their impending negotiations with the EC.

9. The UK. The French representative asked if we had noted the reticence of the UK. (We had.) He said the UK had talked too much at the last Agriculture Committee meeting and he had asked them whether they preferred to negotiate in Geneva or in Brussels.

When the EC representative was introduced to the UK representative, the first words spoken by the latter were, "I've just come here to listen."

10. Japan. The Japanese OECD Minister (who stopped briefly in Geneva to observe the UNCTAD preferences meeting) noted that there are three major economic problems for U.S.-Japanese relations: (a) textiles; (b) Japanese import restrictions; and (c) generalized preferences. He says Japan will not yield on textiles. The outlook for accelerated liberalization of Japanese import restrictions is very good. Differences over generalized preferences will probably prove increasingly troublesome in the future.

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TO: <i>DDI</i>		
ROOM NO.	BUILDING	
REMARKS: <i>York - As an conversation</i>		
FROM: 		
ROOM NO.	BUILDING	EXTENSION
FORM NO. 241 1 FEB 55		REPLACES FORM 36-8 WHICH MAY BE USED.

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To: ExDirCompt Fm: Carl Gilbert	70-2075 Dtd 22 Apr 70
<p>Ltr: Subj: Enclosing a memo entitled "Geneva Gossip - 6 - 10 April". 4/23/70: Orig. w/att to DDI fm ExDir/LKW ntd "Per our conversation"; lcy w/att to ER file. SUSPENSE due 29 APRIL 1970.</p>	
FORM 44 USE PREVIOUS 7-58 EDITIONS	ABSTRACT FILE SLIP (18)

ER :
Please keep a
suspense of
29 April.
Blg